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SUBJECT: US-ARGENTINE BILATERAL RELATIONSHIP; US ELECTIONS;
BRAZILIAN ELECTIONS; 10/31/06

1. SUMMARY STATEMENT

Key international stories today include the state of the US-Argentine relationship based on a report from the US Department of State about Argentina and what kind of cooperation the US expects from Argentina; the upcoming US elections; and the outcome of Brazilian elections.

2. OPINION PIECES

- "The US expects Kirchner to continue to keep Chavez 'in check'"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (10/31) "After a long and complicated confirmation procedure at the US Senate and more than two months studying Spanish, the new US Ambassador, Earl Anthony Wayne, will arrive in Argentina on November 6. According to a report that has just been made public, part of his agenda will include defending the US interest that Kirchner continues to keep Venezuelan Chavez 'in check.'"

"... Wayne's departure from the US coincides with the publication of a report from the US State Department on Argentina, which is a good guide on what (Ambassador) Wayne's future agenda will be.

"According to the document, the US expects Kirchner to continue to keep Chavez at bay. It praises the Argentine president's 'constructive' role in persuading Chavez to hold a referendum. According to the report, 'we have to do (everything necessary) for him to stay involved.' The report also expresses satisfaction for Kirchner's support to Bolivia's stability.

"The report mentions that Argentina's enthusiasm for the FTAA has cooled, and that the country had instead focused on its ties with Mercosur members, including Venezuela. It also says that 'the US and Argentina continue maintaining a positive relationship in spite of Kirchner's sometimes populist rhetoric and his public opposition to the FTAA.' The report also praised the country's economic recovery, although it warned about slow-moving renegotiation agreements with privatized companies, potential power cuts, inflation, price controls, and a weak investment climate...

"As a matter of fact, everything indicates that Wayne's work will be more economic than political. 'This is what I've been told,' said Professor Mark Jones, from Rice University, who has recently attended a seminar organized for Wayne to get information on different aspects of Argentina's reality. Jones added that '(dealing) with Kirchner is very hard for a US Ambassador, because if he wants to promote better democratic institutions, he will be seen as interfering in Argentine politics; any support for an NGO working on issues related to democracy or civil rights would not go down well in the government because, in general, those groups are

critical of Kirchner.'

"The report, headlined 'Background Notes: Argentina,' is the last updated evaluation made by the US Department of State about our country. It underscores that Bush's efforts to lend Kirchner a hand in 2003 were crucial to 'continue maintaining a good relationship (between the two countries).'"

- "Under pressure, Bush joins the campaign"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," writes (10/31) "Only eight days away from elections..., US President George W. Bush joined the G.O.P.'s election campaign, under pressure by the need of the ruling party to keep a majority in both houses of Congress.

"... Bush accused Democrats of ignoring the US problems and acting as cowards regarding the Middle East - 'The objective of Democrats is getting out of Iraq. The purpose of Republicans is winning in Iraq.'

"However, news coming from Iraq is far from giving the White House a break. According to the official count, 101 US soldiers were killed in October...

"According to a CNN opinion survey, 59 percent of Americans disapprove of the White House's management, particularly regarding the performance of the economy and the occupation of Iraq, while Iran and North Korea launch periodical challenges."

- "A relationship with ups and downs"

Leading "Clarín" reports (10/31) "The US' disgust about the close relationship between the Kirchner and Chavez administrations materialized at the last SOA, when Venezuela closed ranks with Mercosur in opposing the FTAA.

"This was followed by decisions made on a regional level rather than between the two countries, such as Venezuela's entry into Mercosur, which, in turn supported Chavez in his attempt to obtain a seat at the UN Security Council. All this has been very irritating for the US."

- "Lula win not (PT) petty"

Michael Soltys, executive editor of liberal, English-language "Buenos Aires Herald," comments (10/31) "Lula's runoff triumph in Brazil is a vote for continuity and change at the same time. The continuity is obvious - the same man remains in the presidency. But various elements of change also arise inexorably from the circumstances of Lula's victory.

"... Sunday's victory was so plainly the triumph of Lula rather than his PT party that he must spend his second term working towards the change which will surely come in 2010 because he has no heirs within his party - nor can he if he aspires to a successful presidency. Virtually everybody assumes their own continuity and many have good reasons to do so - Lula is the exception.

"The next elections in 2010 will mark the end of an era because they will be the first since Brazil's return to democracy in 1985 without Lula as a candidate. Nobody else in government ranks has the stature of this supreme symbol of upward mobility in Brazil.

"... Yet if Lula is increasingly becoming a president without a party and must factor the opposition into his plans, this is an even greater boost for Brazil's stability than the size of Lula's landslide."

- "Significant elections for the region"

Oscar Raul Cardoso, international analyst for leading "Clarín," opines (10/31) "... Lula incarnates a more pragmatic and less ideological view in the center-left scenario... He has managed to stick to several basic principles of economic neo-liberalism...

"Lula is less confrontational than Morales and, particularly, than

Venezuelan President Hugo Chavez...

"There will be a dozen national elections in the region this year, but we will have to wait until December (when elections in Ecuador and Nicaragua will have already been held) to make a more detailed interpretation of Latin America's political map."

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